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Gates seen as anxious to protect CIA

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WASHINGTON — Robert M. Gates, whom President Reagan nominated yesterday as director of central intelligence, emerges from a Senate report on the Iran-contra affair as alert to early warnings of trouble and anxious to protect the CIA from damage.

Weeks before the alleged diversion of arms-sale money to the Nicaraguan rebels was revealed by Attorney General Edwin W. Meese III, Mr. Gates heard suspicions of the scheme and sought to find out about possible agency involvement and to have the Iran operation disclosed publicly before it started to leak out "in dribs and drabs."

His antennae did not prevent his agency from drawing criticism as the dimensions of the affair unfolded. Both the Senate report and an earlier staff-written analysis cite major gaps in information supplied to the Senate Intelligence Committee by CIA director William J. Casey last Nov. 21.

Without pinning responsibility on Mr. Gates, the staff report more broadly faulted the CIA for failing to give prompt notice to Congress and for conducting its part of the Iran arms deal in a way that was not up to its usual standards.

It cites "a recurrent theme in this program: how the CIA reacted to a program that it saw as the [National Security Council's] operation, rather than its own. . . . Because this program was someone else's responsibility, the CIA appears to have allowed itself to participate in actions it may have rejected if they had been proposed for CIA implementation."

The staff analysis says Mr. Gates "had significant knowledge" of the Iran initiative at least from January 1986, when he was still deputy director for intelligence, in charge of analysis and production of finished intelligence.

By then, the CIA had already played a role in facilitating a November 1985 shipment of arms from Israel to Iran, a shipment that agency officials said they were at first told was drilling equipment. Agency offi-

cial's alarm on learning of the shipment's contents prompted the first draft of a presidential finding to comply with the law.

In late January, both Mr. Gates and his predecessor as deputy director of the CIA, John McMahon, objected to an NSC plan to provide certain intelligence to Iran but were overruled by the NSC, according to testimony cited by the Senate report.

On Oct. 1, five months after becoming agency deputy director, Mr. Gates was told by a senior analyst of suspicions that Iran arms-sale proceeds were being diverted to Central America, according to testimony described in the Senate Intelligence Committee report. Mr. Meese did not disclose the alleged diversion until Nov. 25.

Surprised and disturbed, Mr. Gates told the analyst to brief the director, and Mr. Gates relayed his concerns to a "startled" Mr. Casey Oct. 7. The same day, Mr. Casey also heard from New York businessman Roy L. Furmark about Canadian investors' anger over not being paid for a shipment of weapons, according to the report.

The analyst testified that when he expressed his suspicions to Mr. Gates, the two "did not discuss the legality or illegality of diversion. They talked about it being an inappropriate commingling of separate activities and the risk to operational security."

On Oct. 9, Mr. Casey and Mr. Gates talked about the Iran program over lunch with Lt. Col. Oliver L. North, the NSC aide, and Colonel North "made a very cryptic reference to a Swiss account and money for the contras," according to Mr. Gates' testimony.

"Gates recalled that he and Casey did not pursue it but instead asked North whether there was any direct or indirect CIA involvement in any funding efforts for the contras. North's response reportedly was that CIA was 'completely clean' and that he had worked to keep them separate," the Senate report says.

"After the lunch, Gates noted for the record that North had 'confirmed' that the CIA 'is completely clean on the question of any contact

with those organizing the funding and operation,' and that a clear separation between all CIA assets and the private funding effort had been maintained."

Five days later, Mr. Gates and the senior analyst gave Mr. Casey a memo discussing the risk that middleman Manucher Ghorbanifar might go public with a charge that the United States had failed to keep promises, and a charge that profits from the arms deal had been redistributed to "other projects of the United States and Israel."

The following day, Mr. Casey and Mr. Gates met with Vice Adm. John M. Poindexter, who was then director of the National Security Council. "Gates testified that they advised Poindexter, in view of the people who knew about it, to think seriously about having the president lay the project before the American public to avoid having it leak in dribs and drabs," the Senate report says.

Mr. Gates said he also asked CIA General Counsel Dave Doherty "to review all aspects of the project and to ensure that the agency was not involved in any illegalities. According to Gates, Doherty later told him that he had looked into things and not found anything wrong."

A memorandum on Nov. 7 cited Mr. Furmark as stating that the Canadian investors "believed they had been swindled and the money paid by Iran for the arms may have been siphoned off to support the contras in Nicaragua," the report says.

On Nov. 21, after the Iran arms deal became known but before the Meese press conference that disclosed the alleged contra diversion, Mr. Casey and other CIA officials briefed members of the Senate Select Committee on Intelligence.

"The possibility of use of Iran arms sale proceeds was not mentioned," according to the report.

"Gates later testified that the reason Casey said nothing about the possible diversion of funds was that they knew nothing more on Nov. 21 than they did on Oct. 14, i.e., bits and pieces of information and analytical judgments by one intelligence officer, and that this was not considered very much to go on."